Sustainability Report

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United Nations Global Compact

Gurit supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

Gurit has joined the UN Global Compact in February 2020 and commits to report on progress in its Sustainability Report 2020 and annually thereafter.

Rudolf Hadorn
CEO, Gurit

What is the UN Global Compact?

The UN Global Compact is the world’s largest corporate sustainability initiative with over 13,000 participants in 170 countries. The UN Global Compact was announced by Kofi Annan in January 1999. Its aim is to promote responsible business practices and UN values among the global business community.

The Ten Principles of the United Nations Global Compact

**Human Rights**
1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses.

**Labour**
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labour;
5. The effective abolition of child labour; and
6. The elimination of discrimination in respect of employment and occupation.

**Environment**
7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and

**Anti-Corruption**
10. Businesses should work against corruption in all its forms, including extortion and bribery.

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

www.unglobalcompact.org
With passion for a sustainable future
Our mission is in wind energy and lightweighting. We are a system partner for wind energy customers globally, with focus on the wind turbine blade. With our unique offerings and in-depth understanding of the value chain we help to increase wind energy competitiveness and promote its sustainable growth. For lightweighting applications we use our knowledge and expertise to provide high-performance materials and engineering.
Foreword by
Rudolf Hadorn
CEO
"With passion for a sustainable future": this is our new vision. At the end of 2019 the Executive Committee has revised Gurit’s vision, mission and value statements and put sustainability as an essential part of our greater purpose. Sustainability has also become one of five core values that staff members will use to guide and direct their daily work. This means that we behave responsibly and in all we do we take care of the natural, social as well as economic environment.

We are serious about this commitment and we want to make sure that it is going to drive our business forward. An internal roll-out process has started at the beginning of 2020 and this Sustainability Report is part of this process. We believe that we can only be successful in the long run as a well-managed, sustainable company. We have environmental, social and economic responsibilities for our own future and that of our children.

Health and safety
What are some of the exemplary actions Gurit is taking in sustainability? Environmental health and safety comes first and Gurit is committed to reduce the occupational accident rate across Gurit by half in three years’ time and to foster our related safety-first culture. In our product strategies we focus on reducing environmentally hazardous input substances and replacing them with more environmentally friendly and recyclable ones – recycled PET and balsa wood are the most prominent examples. UV light visible contamination tracing when using our lamination resin systems is another Gurit innovation to help protect production staff at our customer sites. In our footprint strategy we strive to co-locate core material production and kitting sites to recycle process waste, rather than disposing of and losing it. Co-location and “regionally produced for region sold” footprint methods help avoid unnecessary transport activities – they reduce CO₂ and cost. In 2020, Gurit will also define its CO₂ neutrality timeframe and action targets. Gurit is on mission in sustainability and we do it for our future.

Best regards

Rudolf Hadorn
Chief Executive Officer
February 2020

Our mission is in wind energy and lightweighting
We are a system partner for wind energy customers globally, with focus on the wind turbine blade. With our unique offerings and in-depth understanding of the value chain we help to increase wind energy competitiveness and promote its sustainable growth and success. For lightweighting applications we use our knowledge and expertise to provide high-performance materials and engineering. With our know-how and our integrated offerings we contribute to increased efficiency and new high performing as well as fuel-saving applications in aerospace, marine, rail and many other industries.

This is a mission to be proud of. Our business serves a good purpose: the production of renewable wind energy and the reduction of fossil fuel consumption and enabling transport innovations through lightweighting.
Our Commitment to Sustainability

What it means for Gurit and where we prioritise our efforts

Health and Safety
We have launched a “safety-first” initiative and have undertaken substantial efforts to provide our customers with products complying with best-in-class health & safety standards. In terms of accidents at the workplace we want to reduce them by 50% within three years, or -17% per year. In terms of chemical safety we will phase out various chemicals of concern by 2022.

Sustainable core materials
We are facilitating a transition from thermoset to the more sustainable thermoplastics (PET). We will use up to 100% recycled PET for our PET core materials range. We support the growth of the Balsa wood offering as a naturally grown, carbon capturing core material.

Co-location of our PET extruders and kitting services and operate “region-for-region” wherever possible
We strive to save emissions and cost generated by transportation between sites, maximise the recycling of kitting waste and working capital cost and provide a competitive product for our customers.

Carbon neutrality
In 2020 we want to set ourselves a time frame and targets to become a carbon-neutral company.

Renewable energy
As a supplier to the wind turbine industry our business serves the promotion and growth of renewable energy. By providing competitive and innovative products we help this industry grow and thus replace fossil fuels faster.
Gurit Annual Report 2019  Sustainability Report

Markets served

Over 300 million recycled bottles
(or 5050 tonnes of PET)
used for core materials production

576.4 million CHF
Net sales

Gurit Holding AG is headquartered in Switzerland and listed on the Swiss stock exchange. Its subsidiaries are specialised in the development and manufacture of advanced composite materials, tooling for wind turbine blades as well as kitting services. The product range comprises structural core materials, fibre reinforced pre-pregs, formulated products as well as structural composite engineering. Gurit serves the global wind turbine industry as well as aerospace, marine, rail and many other industries.
Gurit operates production sites and offices in Canada, China, Denmark, Ecuador, Germany, Indonesia, India, Italy, Mexico, New Zealand, Poland, Spain, Switzerland, Turkey, United Kingdom and the United States.
In 2019 Gurit has re-focused its business and has become a major player in the global wind turbine industry. About three-quarters of Gurit’s sales are generated from the renewable energy sector which has now turned into the world’s most important source of new power generation capacity.

"Renewables can ensure a climate-safe and sustainable future. It’s possible."
Francesco La Camerera
Director-General, IRENA
Wind energy is a clean, sustainable form of power generation. It serves society’s current needs without harming future generations. Wind energy allows Gurit to do well by doing good. In 2019, in many parts of the world, wind power generation has also become financially sustainable as its cost is now at par or even lower than power generation from fossil fuels. In some markets, windfarms can be realized by private investors without being dependent on government subsidies. This advancement has become possible through increases in size and efficiency of modern wind turbines, enabled by modern production methods and advanced composite materials. Gurit’s innovations in tooling equipment and core kitting services allow for reduced cycle times and cost savings. Sustainable core materials provided by Gurit, such as naturally grown balsa wood or PET foam produced from up to 100% recycled PET bottles also support the weight reduction and efficiency of wind turbines.

The wind energy industry still needs to address challenges such as the end-of-life use of materials, aiming towards a circular economy. Modern wind turbines are 85% recyclable, but the remaining 15% needs to be addressed as well. The industry is also aware that the placement of wind farms needs to take into consideration possible impacts on wildlife as well as potential visual and noise pollution for nearby human settlements. Modern turbines mitigate negative impacts by being more efficient, thus producing significantly more power with fewer turbines. Scientific evidence shows that the negative impact of wind power on birds is negligible at 0.01% of birds being affected. Bird populations are mainly threatened by climate change, a phenomenon wind power is helping to mitigate.

A challenge of renewable energy is the natural fluctuation of wind. The development of storage technology, different forms of batteries and green hydrogen provide promising growth perspectives for wind energy in the future.

"Climate change has become a defining factor in companies’ long-term prospects. Last September, when millions of people took to the streets to demand action on climate change, many of them emphasized the significant and lasting impact that it will have on economic growth and prosperity – a risk that markets to date have been slower to reflect. But awareness is rapidly changing, and I believe we are on the edge of a fundamental reshaping of finance."

Larry Fink
Chairman and CEO, Blackrock

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GRI 102-6: Markets served; GRI 201-2: Financial implications, risks and opportunities due to climate change.
Gurit Future Offerings for the Wind Industry

Why focus on Wind Energy?

For various reasons Gurit has decided to focus its activities around the wind turbine industry. The industry has matured and reached a considerable size. Additionally the following arguments have influenced this being a long-term sustainable decision:

- Long term growth drivers for renewable energy
- Cost competitiveness at par/below non-renewable energy creation
- De-carbonisation of energy generation
- De-centralisation of energy generation
- Digitalisation of networks and consumers

"We see USD 13.3 trillion invested in new power generation assets of the 32 years to 2050. Of this, 77% goes to renewables. Wind attracts USD 5.3 trillion..."

Source: BloombergNEF New Energy Outlook 2019
"Wind and solar make up almost 50% of world electricity in 2050 – “50 by 50” – and help put the power sector on track for 2 degrees to at least 2030."

Source: BloombergNEF New Energy Outlook 2019

Wind Energy Demand Outlook

Wind growth trends

**2020**
Further increase forecasted to 76 GW

**2021+**
Overall demand situation may further improve:
- US PTC ends 2020 but offshore support in discussion
- India demand step-up 2020
- EU: reactions to missing the climate targets

Source: Wood Mackenzie 01/2020
Lightweighting – a Sustainable Business Purpose

Besides renewable wind energy, the business mission of Gurit is dedicated to lightweighting. This means Gurit structural engineering support, advanced materials and services contribute to make things lighter and thus use less energy whenever these objects are in motion. This is the case for Aerospace, where Gurit provides lightweight materials for aircraft interior and non-structural parts. Lighter and higher performing materials contribute to a substantial reduction of fuel consumption and emissions, while adhering to the highest safety standards.

Gurit also supplies advanced composite materials for the railway industry. This includes structural and interior materials with favorable fire, smoke and toxicity (FST) properties. In rail, lightweighting helps not only the reduction in energy necessary for locomotion but also reduction in rail track wear and tear.

Another area of expertise is the Marine industry, where we are proud to supply the most competitive racing yachts with innovative materials. Gurit Structural Engineering and Materials specialists, alongside with customers and partners, are closely involved in various innovative projects that make transportation at sea more sustainable or even emission-free. Examples are the Oceanwings project, rotor sails, or a new zero-emission-electric ferry.

From top to bottom:
- Aircraft interior materials fulfil specific requirements regarding strength, smoke- and heat-release
- Oceanwings Energy Observer – a pioneer and ambassador for sustainability
- Two rotor sails assist the cargo ship “Maersk Pelican” to save fuel
- Fully electric: East by West Ferries, New Zealand
Management Approach and Policy for Sustainable Lightweighting

1. **Health & safety**: customer health & safety is a priority for Product Development Teams. Where applicable, substances of concern (SVHC) are replaced with lower-toxicity or bio-based alternatives, either by developing new products or by re-formulating legacy products. Targets and phase-out plans are set and updated.

2. **Standards and regulations**: all applicable and known standards and regulations are respected and taken into consideration when developing products. This notably applies for health & safety, environmental standards, and fire regulation standards (FST properties) which Gurit facilitates to achieve in cooperation with individual customer projects.

3. **Lighter composite design**: less weight means less energy consumption or higher speed for any object in motion. Gurit is a competent partner for lightweighting with its teams of structural composite engineering and materials experts. Their competencies coupled with methods such as structural analysis (FEA) and 3D simulations help customers design safe and lightweight structures. Optimal and efficient use of materials means meeting customer specifications as well as safety standards and regulations in place.

4. **Green chemistry**: products are continuously re-formulated and wherever a viable green chemistry option of bio-based products exists, they are taken into consideration and prioritised.

5. **Carbon footprint and lifecycle analysis**: as an ambition to start in 2020, Gurit commits to evaluate adequate methods and procedures for a systematic carbon footprint and lifecycle analysis.

6. **Recyclability**: the recycling of certain advanced composites is a challenge the industry needs to solve. Gurit engages in research, development and cooperation projects to improve the recyclability of advanced composites and has set up a Sustainability Working Group for this purpose. This is another ambition for 2020 and onwards.

7. **Packaging**: Gurit commits to reduce packaging where possible or replace existing packaging with more sustainable solutions.

8. **Communications**: sustainability-related topics are actively communicated internally, as well as to suppliers and customers. As a first step, Gurit has re-formulated its Vision, Mission and Values in 2019 and rolled out in 2020. Sustainability as well as Safety are two out of five core values Gurit staff members are asked to adhere to during their daily operations.

9. **Implementation**: the Chief Technology Officer (CTO), a member of the Executive Committee, oversees the implementation of this policy, commissions Product Development and Engineering Teams to adhere to this policy and addresses it during annual employee performance reviews. The CTO is also a member of the Sustainability Working Group.

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5 GRI 103-2: Management approach; GRI 102-14: Statement from senior decision-maker.
Gurit is a technical leader in the development and manufacture of structural core materials. Cores in a sandwich construction are specified by designers and architects to increase stiffness and reduce the weight of a composite structure. Gurit has a range of core materials to fit any specification or manufacturing process. The largest volume of Gurit’s core material offering is used for the production of wind turbine blades and thus clean, renewable energy. The remainder is predominantly used for lightweighting applications.
Shift from thermoset to thermoplastic

In 2019 Gurit undertook a major product development and capacity expansion program for PET to facilitate the shift from thermoset (PVC, SAN) to the more sustainable thermoplastic core material PET that Gurit sells as part of its Kerdyn™ Green product range. Three additional extrusion lines were developed and one already implemented; the remaining two big lines will follow in 2020. Gurit also started a major product improvement program in PET to improve product properties and reduce the total solution cost. Production of recycled PET and qualification of additional feedstock resources continued at a strong pace.

Kerdyn™ Green:
from Bottle to Wind Turbine Blade

As part of its ongoing commitment to sustainability, Gurit has developed Kerdyn™ Green, a PET core material made of up to 100% recycled PET bottles. Kerdyn™ Green withstands high process temperatures, has excellent chemical resistance, good adhesion and mechanical properties, low resin uptake, and is thermo-formable. Kerdyn™ Green is a polymer that can be recycled at the end of its product life, unless it is permanently combined with other materials. To address the challenges posed to the recycling of combined materials, such as advanced composites, Gurit experts are conducting internal research and are participating in industrial and academic initiatives working on solutions for composites end-of-life recycling, disassembly, circular materials, and reuse.

The production of Kerdyn™ Green starts with the recycling of PET bottles which are shredded into flakes and then further processed to granulate. This PET granulate is checked for consistent quality and then melted and extruded in an endless cord made up of many small spaghetti-like “strings”.

These strings are combined into a raw board of approximately 45 mm thickness and a width of approximately 1 050 mm by 1 250 mm, before being heated up again and welded into a block with a defined standard size. The PET-based Kerdyn™ Green reduces the environmental footprint by being a lightweight and recycled product.

Up to 100% recycled PET

Gurit has and will continue to invest significantly into recycled PET core material production assets globally to cope with the material demand. In order to have sufficient feedstock of quality controlled and properly blended PET for the extrusion process, Gurit acquired in 2019 a PET recycling business in Italy. Gurit Italy PET Recycling is specialized in the recycling of PET bottles and the production of recycled PET flakes and granules later used for extrusion of recycled PET core. This allows Gurit to secure quality and cost-effective raw material supplies for its PET strategy, deepen its know-how of this specific material supply and link the value chain elements starting from the recycled bottle down to a finished quality core kit for the Wind blade making OEMs.

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<table>
<thead>
<tr>
<th>Density</th>
<th>Recycling</th>
<th>Bottles per sheet of Gurit Kerdyn™ Green foam plate (1,005 x 2,440 mm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>kg/m³</td>
<td>bottles/m³</td>
<td>@ 5 mm</td>
</tr>
<tr>
<td>---------</td>
<td>-----------</td>
<td>--------</td>
</tr>
<tr>
<td>80</td>
<td>5 340</td>
<td>65</td>
</tr>
<tr>
<td>250</td>
<td>16 670</td>
<td>205</td>
</tr>
</tbody>
</table>

Gurit internal sample calculation for recycling of PET bottles, Assumption: 15 g / bottle
Balsa Wood – a Naturally Growing Core Material

Another structural core material that is produced entirely from natural resources: Balsa wood. Gurit Balsaflex™ is an end-grain balsa wood core, featuring very high strength to weight ratio, suitable for applications that require high strength and stiffness and cost effectiveness.

In addition to being a naturally grown raw material, Gurit Balsaflex™ is a suitable and sustainable solution due to a good balance between cost, properties and weight.

Balsa wood is fast-growing, self-regenerating and is a pioneer species. It can be grown sustainably and as a not very long-lived plant it can be easily harvested after a few years.
Apart from being a sustainable, naturally grown raw material, balsa has high potential for farmers’ livelihood, since it has been a traditional family business activity for several generations in Ecuador. Gurit does not operate its own Balsa wood plantations but buys the wood from local farmers and produces blocks from local factories, trusted suppliers with whom there’s a strong and lasting relationship.

Curbing carbon emissions and supporting sustainable local business development

Apart from the fact that wood is a naturally grown material that absorbs carbon dioxide during its growth, the Balsa operations of Gurit have put additional measures in place to reduce energy consumption and emissions. Wood waste from the production process is used as alternative fuel for the kiln drying process within Gurit’s factory and adjacent ones in Ecuador. This reduces both waste and CO₂. Furthermore, Gurit supports local communities and farmers with funding and plant donations to support local forestry businesses from an environmental, economic, and social point of view.

Research cooperation

Gurit has an agreement with the Quevedo University in Ecuador to promote the investigation of balsa anatomy and define best practices in forestry management in terms of plantations maintenance and harvesting. In cooperation with the University of Girona, Spain, Gurit runs a further research project on the anatomy of balsa wood. Gurit works closely with stakeholders, mostly blocks suppliers, and provides training and technical support, in order to consolidate their know-how and improve their competitiveness.

"With the current PET and Balsa programs, Gurit is supporting our key target industries through capacity increase with the most sustainable products on the market. Additionally, through a co-location of our sourcing and manufacturing sites with our Kitting services, we provide significant reductions of transportation, waste, lead-times, CO₂ emissions and overall cost."

Mathieu Cariou
Product Manager Core Materials, Gurit
Focus topic:

Formulated Product Range
Moving Towards Green Chemistry

At its Center of Excellence for Formulated products Gurit invests into research, development and extensive testing
Gurit pioneered the use of epoxy resin in the manufacture of large light-weight composite structures. Today, Gurit manufactures a wide range of epoxy based products. These formulations are chemicals that have been blended together to yield characteristics optimised for their intended application.

**AMPRO BIO**

"The product is therefore worthy of mention for the reduced environmental impact from which also derives an attention to the health of the personnel called to operate with this resin ... which makes them already today meet the environmental requirements that will be imposed in the immediate future."

Seatec Qualitec Judging Panel 2019

Gurit’s formulated products are grouped under the following headings, broadly relating to their intended application and for the properties that result from their curing:

- **Ampreg™ Laminating Systems** – epoxy based liquids, low viscosity for good wet-out, high strength and stiffness.
- **AMPRO™ Multi-purpose Systems** – epoxy based. Capable of performing as adhesives, coatings, filling compounds and laminating systems.
- **PRIME™ Resin Infusion Systems** – low viscosity, high performance epoxy based liquids ideal for vacuum bag infusion and resin transfer moulding process.
- **Spabond™ Adhesives** – epoxy based semi-liquids and pastes with high strength and durability.
- **Filling and Fairing Compounds** – epoxy based pastes with high adhesive ability and durability.
- **Coatings** – epoxy process coats for in-mould application to achieve a defect free surface ready for sanding and painting.
- **Tooling products** – a complete range of epoxy composite tooling products that can be used up to an operating temperature of 160°C.

These systems allow the use of vacuum bagging techniques, which improve the mechanical properties of the finished item by obtaining favourable fibre to resin ratios. This legacy of creating formulations which generate the highest possible properties has allowed the use of Gurit formulated products for both new builds and repair on small items and huge structures the world over. All of the “formulated products” manufactured by Gurit are classified as thermosetting materials. These materials are supplied in a liquid or semi-liquid form, usually as a “two-part system”. Under the correct conditions, the system undergoes a chemical reaction (known as “curing”) to form a solid material.
Environmentally friendly epoxy resins

As a fundamental principle of Gurit's approach to Product Development, all new products are developed to be safer and lower toxicity. Where appropriate, plant-based "Bio" alternatives are introduced. This means that the chemicals are synthesized from a high proportion of plant-based rather than petrochemical materials. The resulting chemical is either the same or similar. As such the final products Gurit sells are not biodegradable and this is not an objective as due to the intended use of the products they must not degrade during their intended end product life.

Hazardous Chemicals Management Policy

Gurit's hazardous chemicals management policy aims to identify and eliminate those substances that pose greatest risk to human health and the environment, namely Carcinogens, Mutagens and Reprotoxicants. Furthermore, Gurit has a process of substance evaluation whereby future threats to substance hazard classification and regulation are identified as early in the development process as possible, thereby avoiding regrettable substitutions. Gurit actively works with suppliers to source raw materials with lower toxicity which enables us to influence their choices when it comes to safer chemicals.

Gurit is committed to reduce hazard profiles where feasible. Additionally, the removal of substances termed SVHC's (Substances of Very High Concern) by the European Chemicals Agency under the REACH regulation (EC) No. 1907/2006, means that any reporting duties required by manufacturers of articles under the regulation are not required by Gurit customers.

From 2017 to 2018 there was a reduction in the most toxic raw materials in Gurit’s Formulated Center of Excellence (CoE) from 19% to 8%. This was achieved using the process shown on the right.¹

Gurit has worked with customers and suppliers to substitute a number of high hazard substances as given in the below diagram using self-imposed “horizon dates” in anticipation of European folio with high regulatory risk management measures.

<table>
<thead>
<tr>
<th>Substance</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonyl Phenol</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Butyl Phenol</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bisphenol A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

| identified | Horizon date |

¹ Regrettable Substitutions: This diagram shows the substitution process for hazardous chemicals in Gurit's Formulated Center of Excellence (CoE) from 2017 to 2018. The reduction in the most toxic raw materials from 19% to 8% was achieved through this process and self-imposed horizon dates.
"Gurit has heavily invested in research and development in 2019 to make our products safer and more sustainable whilst maintaining the high performance and ease of use Gurit customers expect. We continue to lead our industry in setting new standards for safety, and making composites more sustainable remains at the forefront of our innovation strategy."

Paul Spencer
Product Development Manager, Gurit

Although the number of products available in the formulated portfolio with high hazards remained at 37% for 2017-2019, of these the number of products with lower toxicity alternatives is now at 71%. As demonstrated by the figure above, the phase out of the most harmful substances is still in progress until 2022.

**Health and safety**

Gurit has a strong focus on low toxicity formulations and has replaced a wide range of legacy products with new formulations, eliminating chemicals of concern wherever possible. Products are extensively tested both for their handling and usage characteristics. The Ampreg™ 3X series, Ampro™ Bio and the new Spabond 800 series are part of Gurit’s new low toxicity epoxy laminating range launched successfully in 2019. Their main use targets the manufacture of large composite structures in the marine, wind and construction industries. Gurit is creating high performance fire retardant systems that serve to protect human life while saving energy due to reduced weight. These products are tested in Gurit’s own fire testing laboratories during the development and production stage.

**Bio-based composite panel solution**

In 2019 Gurit started a collaboration with Bcomp, a Swiss high-tech start-up specialised in sustainable light-weighting materials based on natural fibres. Gurit now sells Bcomp’s ampliTex™ and powerRibs™ products, often in combination with Gurit’s accredited bio-based or low toxicity resin solutions. The powerRibs™ technology is an extremely lightweight natural fibre reinforcement. Inspired by leaf veins, it provides maximum stiffness at minimum weight by creating a rib structure on one side of a thin-walled shell element. Thanks to these reinforcements, the CO₂ footprint of semi-structural parts can be reduced by 75% vs carbon fibres and weight can be reduced by up to 40% and plastic by up to 80% at maintained performance. The combination of Gurit’s bio resin and Bcomp’s natural fibre solutions now provide an important first step for a bio-based composite panel solution for multiple industries.
Sustainability working group

Gurit's Formulated Center of Excellence has set up a sustainability working group in 2019. The Group consists of Scientists, Engineers and other specialists, exploring opportunities to further enhance sustainable product development and draft a long-term plan of how to integrate sustainable best practices into operations and products to create tangible value for customers. Specific actions initiated or already implemented by this group include measures to reduce waste, giving preference to a local supply chain and solar power for the main production site. A second improvement area is the reduction of packaging and use of recycled materials for packaging. In terms of formulated products, the sustainability group focuses on low toxicity chemicals ("Gurit green chemistry" including plant-based chemistry and natural fibres) and the use of light reflective technology to increase user safety. Furthermore, research is under way regarding the recycling of carbon fibre, the re-use of resins as well as the general "re-lifing" of products.

Environmental Awards received in 2019

Gurit received various awards in 2019 for its efforts to make its formulated product range best-in class for its low toxicity formulations, bringing a new generation of products on the market that prioritise user health & safety and minimizing any environmental impacts, all while remaining competitive in the market place.

- Seatec Qualitec Technology 2019 Special Mention (AMPRO BIO)
- Composites UK Environmental/Sustainability Award
- Composites UK Innovation in Composite Materials Award
- IW Chamber Business: Technology and Innovation Award
- IW Chamber Business: Green Initiative Award

From top to bottom:
Adhesive sag testing
Ampreg 3X with light reflective technology
Testing viscosity of new materials
Chemical extraction for product development
"I love the job I have with Gurit as part of our Global Technical Support team. It allows me to work with our customers in problem solving applications and methods of producing lighter and stiffer parts which in many cases could not be made economically in any other way. These lighter and stiffer items help with sustainability due to their long, durable lifespans. This combined with our Regulatory Compliance team and Formulation group help to give our customers the best possible health and safety through improved products and processes."

Martin Armstrong, Composite Technologist

"We put our customers in the center of our daily work and we continuously adapt and optimize our processes to better meet their needs."

Isabella Ghirigato, Customer Service
"I feel proud to be part of an organisation that actively encourages sustainable thinking, substitution to safer chemicals and the use of bio alternatives. The commitment I have seen throughout the business to learn, communicate and implement such changes is what I believe sets Gurit apart. There is so much more to achieve in the area of sustainability; recyclability, safer chemicals and bio-based options are important throughout the entire value chain. I look forward to the unique challenges this will bring."

Amy Moram
Regulatory Compliance Officer, Gurit
Sustainability Data and Performance Review

1. Gurit Approach to Sustainability Reporting

Gurit is specialised in the development and manufacture of advanced composite materials, production tools and kitting. In addition, Gurit provides composite engineering services that help transform traditional, heavier structures into lightweight, durable structures. The Company’s products and solutions are primarily used in the wind energy, aerospace, marine, rail and other industries thus contributing to the generation of renewable energy as well as to the reduction of fuel consumption and carbon dioxide emissions, amongst others. As such, sustainability forms an essential part of Gurit’s global business activities and sustainable growth strategy.

**Global Reporting Initiative (GRI)**

Gurit has reported on economic, environmental, social and governance-related developments for several years in its annual report. In order to align its disclosures with international reporting standard practice, the Company started using the Global Reporting Initiative (GRI)’s Sustainability Reporting Guidelines as a framework for the first time in preparation of the 2015 Gurit Annual Report. The 2019 report has been prepared in accordance with the GRI Standards: Core option. Relevant GRI indicators are referenced in a footnote and in an index overview page at the end of this report.

Given the size of the organization and the global spread of its business activities, as well as recent acquisitions, Gurit aims to adopt GRI’s reporting principles gradually. This will allow the Company to implement the necessary internal processes and monitoring tools in a meaningful way over time.

**Scope of sustainability data and reporting practice**

For the first time in 2020, Gurit publishes its Sustainability Report 2019 available as a separate document, which is published in parallel as a chapter of its Annual Report 2019. Both the financial Annual Report and the Sustainability Report contain cross-references and should be consulted together.

[www.gurit.com/Investors/Reports](http://www.gurit.com/Investors/Reports)

The reporting period is the calendar year 2019 as well as the previous two years where such data is available. For operational reasons the reporting period for selected indicators such as health and safety, accidents, education & training, electricity and waste, has been set to November 1, 2018 – October 31, 2019. For some indicators the scope of data collection has been substantially widened and now for the first time covers all locations of the Gurit Group.

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7  GRI Disclosure 101: Foundation 2016; GRI 102-54: Claims of reporting in accordance with the GRI Standards; GRI 102-49: Changes in reporting
8  GRI Disclosures 102-50: Reporting period; 102-51: Date of most recent report; 102-52: Reporting cycle; 102-56: External assurance; GRI 102-46: Defining report content and topic Boundaries; GRI 102-50: Reporting period; GRI 102-49: Changes in reporting; GRI 102-52: Reporting cycle
Where quantitative data is presented, Gurit has applied the necessary level of thoroughness to ensure accuracy and timeliness. The data presented in the Sustainability Report has not been validated externally. Whether presented quantitatively or qualitatively, the report covers both favorable and unfavorable topics and results in terms of their respective relevance.9

1.1 Key Impacts, Risks and Opportunities10

As part of its commitment to become a carbon neutral company, Gurit will analyse its impacts in more detail during 2020 and come up with an action plan. Risks and opportunities are presented in various sections of this report, notably in terms of renewable wind energy and lightweighting, carbon footprint, green chemistry, health & safety and product life cycle assessments.

1.2 Stakeholder Inclusiveness and Key Topics11

Gurit has assessed the materiality of sustainability issues in light of the 2016 GRI Standards. An internal materiality analysis was conducted in 2017, involving the Company’s Executive Committee as well as the Technology, Finance, Human Resources and Marketing departments. Customers, employees and workers, shareholders, suppliers, regional authorities and the public have been defined as main stakeholders who significantly influence or are influenced by the Company’s business activities, products and services. Dedicated external stakeholder engagement processes have not been used yet. However, stakeholder expectations and interests have been taken into account, such as customer interests and expectations gathered through face-to-face meetings and customer surveys. The close and frequent communication of senior management, customer support, technical support and the sales organization with customers and distribution partners facilitates a regular dialogue. Furthermore, insights from communication with shareholders and the financial community as well as information gained from media monitoring and participation in industry events have been taken into account.

In 2019 Gurit conducted a Brand perception survey in the form of telephone interviews with customers and suppliers and via an online survey of over 150 employees. The findings have been discussed in a workshop with the Executive Management and were taken into consideration for Gurit’s new Vision, Mission and Values introduced Group-wide in January 2020.

The key topics defined during an internal materiality analysis are presented in the table below in relation to their importance for Gurit and its main stakeholders.

9 GRI Disclosure 102-56: External Assurance
10 GRI Disclosure 102-15: Key impacts, risks, and opportunities
1.3 Materiality Index


Responsible Product Development includes GRI 301: Materials, GRI 417: Marketing & Labelling.


1.4 Stakeholder Engagement

Gurit fosters a constant and close dialogue with its key stakeholders in order to create added value and maintain long-standing, beneficial partnerships. In addition to individual customer meetings, the Company participates in various annual specialist and industry trade fairs and events globally in order to deepen existing relationships and establish contacts with potential new customers, business partners and suppliers as well as the advanced composites industry as a whole. In terms of employee engagement, Gurit conducts employee surveys at its individual sites in addition to hosting an annual management meeting with the Group’s senior managers worldwide.

12 GRI Disclosure 102: General Disclosures 2016 (102-18: Governance structure; 102-19: Delegating authority; 102-22: Composition of the highest governance body and its committees; 102-23: Chair of the highest governance body; 102-24: Nominating and selecting the highest governance body; 102-25: Conflicts of interest; 102-26: Role of the highest governance body in setting purpose, values and strategy); GRI 102-47: List of material topics; GRI 306: Effluents and Waste

13 GRI Disclosure 102: General Disclosures 2016 (102-21: Consulting stakeholders on economic, environmental, and social topics; 102-43: Approach to stakeholder engagement); GRI 102-42: Identifying and selecting stakeholders
at the beginning of each year. As a publicly listed company, Gurit also participates in a range of annual investors’ conferences and roadshows in Europe and holds an annual shareholder meeting.

Furthermore, Gurit engages in industry dialogues, expert groups and conferences related to our areas of activity and sustainability. Local sites engage with the local communities according to their own internal guidelines and as part of their employer branding efforts.

**Brand survey**

As mentioned above, in 2019 Gurit mandated an external partner to conduct telephone interviews with customers and suppliers and consulted over 150 employees with qualitative online questionnaire as part of a Brand survey. The results of this stakeholder engagement has set the foundation for Gurit’s new Vision, Mission and Values, approved by the Executive Committee in December 2019. The internal roll-out started in January 2020.

### 1.5 Organizational Profile Gurit Group

For information on the Company’s organizational profile, please see the Gurit Annual Report 2019.

www.gurit.com/Investors/Reports
1.6 Ethics and Integrity

Gurit pays the highest attention to the strict adherence to business ethics and integrity. The Gurit Code of Conduct is an essential element of the Company’s corporate and business management. As such, the Gurit Board of Directors, Group Management and all employees are expected to strictly adhere to the principles and guidelines outlined in the Code. Full compliance with all pertinent legal and regulatory requirements and standards is also required. Acknowledgement and acceptance of the Code therefore forms part of every staff member’s terms of employment.

The most current version of the Company’s Code of Conduct was resolved by the Board of Directors and the CEO in May 2017. It outlines the Company’s principles and guidelines on business ethics. Principles of United Nations are included and considered as cornerstone of our organization culture. The Code is available for download at www.gurit.com/About/Corporate-Governance

Core values
Based on the results of a 2019 employee consultation and a Management workshop Gurit has defined five new core values that provide direction for the company’s culture and work ethics:
– Safety first
– Customer focus
– Successful together
– Resourcefulness
– Sustainability

Implementation
The Group Executive Committee, the Board of Directors and Gurit employees are trained on the Gurit Code of Conduct in a compulsory online course. The latest version of the Gurit Code of Conduct is available on the Company’s intranet in different languages. The Code is handed out to all new staff members and they must undergo a compulsory training in the company’s internal Learning Management System (LMS).

Advice and whistle blowing
For advice on the Code or in case of concerns about or evidence of violations, employees must seek guidance from their direct managers, Group management or the Audit and Corporate Governance Committee of the Gurit Board of Directors. All requests are treated confidentially. Furthermore, the Chairman of the Audit and Corporate Governance Committee can be contacted in full anonymity in order to raise concerns.

The Audit and Corporate Governance Committee is currently chaired by Board Member Dr. Stefan Breitenstein. He can be contacted at the Swiss law firm Lenz & Staehelin; Dr. Stefan Breitenstein, Bleicherweg 58, CH-8027 Zurich, Switzerland. Phone +800 4546 4546, Fax +41 (0)58 450 80 01, e-mail: stefan.breitenstein@lenzstaehelin.com

14 GRI 102-16: Values, principles, standards, and norms of behavior; GRI 102-17: Mechanisms for advice and concerns about ethics; GRI 102-25: Conflicts of interest
**Compliance review**

No violations with regard to conflicts of interest or non-compliance with any of the standards set forth in the Gurit Code of Conduct were identified or reported to the Chairman of the Audit and Corporate Governance Committee. Equally, no complaints regarding infringements of Human Rights were brought forward in the reporting period. No legal actions were proceeded or pending, and no fines or non-financial penalties related to non-compliance with any anti-corruption, anti-competitive behaviour, anti-trust and monopoly practices were imposed in 2019.

Overall compliance with the Code of Conduct is subject to internal audits. Furthermore, the Executive Committee submits an annual report on compliance to the Board of Directors.

1.7 Governance


2. Customers

Gurit supplies a global customer base from manufacturing and distribution sites in Canada, China, Denmark, Ecuador, Germany, Hungary, India, Indonesia, Italy, Mexico, New Zealand, Poland, Spain, Switzerland, Turkey, United Kingdom and the United States. In addition, Gurit maintains partnerships with distribution partners worldwide. Types of customers range from small family enterprises to large multinational corporations and OEMs of the global wind turbine industry.

"Customer focus" is one of our core values and bringing best value to customers has been a priority for Gurit since the very beginning. To achieve this target, Gurit supports its global customer base in achieving their performance and cost reduction targets and in deriving many benefits from the transformation of traditional structures into lightweight and durable solutions. On-site technical support as well as product and process training related to the correct and safe handling and use of the Group’s products form an essential part of this aim. Distributors are included in these training activities as part of the Group’s overall customer health and safety efforts as their knowledge and advice plays an important role in regions where Gurit is not represented by local sales and technical support offices.

2.1 Monitoring of Quality

Gurit has the ambition to achieve an On-Time-In-Full (OTIF) rate of 99% for its confirmed deliveries. Due to the high market demand and raw material shortage this value was far below Gurit’s ambitions and has only been achieved by two business units.

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15 GRI 102-18: Governance structure; GRI 102-32: Highest governance body’s role in sustainability reporting; GRI 102-33: Communicating critical concerns
16 GRI 102-16: Values, principles, standards, and norms of behavior; GRI 416: Customer Health and Safety 2016
As part of its normal operations, Gurit maintains Quality departments at all production sites and operates Management systems to monitor and manage quality and the delivery of products according to customer specifications. In 2019, Gurit recorded a Defective Rate of 61 PPM (parts per million) and achieved its target, with the ambition to further improve in the future.

2.2 Customer Information and Data Management

Gurit informs customers regularly about product developments and organizational updates by means of newsletters. Management of customer data on an overall level and for distribution of newsletters takes place in compliance with all relevant legal requirements related to data protection and security. Customers are able to opt out of all push communication activities at all times. No data leaks were identified and no complaints from customers regarding infringements of privacy were received in 2019.

During 2019, Gurit implemented the General Data Protection Regulation (GDPR). The regulation 2016/679 is part of an EU law on data protection and privacy in the European Union and the European Economic Area. Gurit has designated GDPR data officers, conducted audits and trained its staff members via a mandatory online course in its Learning Management System (LMS).

2.3 Customer Health and Safety

The main focus of the Group internal customer health and safety activities in 2019 related to the implementation of REACH (Registration, Evaluation and Authorisation of Chemicals) EC No 1907/2006 and associated regulations; CLP (Classification, Labelling and Packaging) EC No. 1272/2008 and PIC (Prior Informed Consent) Reg No. 649/2012. The REACH regulation, which was introduced by the European Union for all producers of chemicals in volumes greater than 1 tonne per year, aims to provide a high level of protection of human health and the environment from the use of chemicals. It also makes manufacturers and importers of chemicals responsible for understanding and managing the risks.

2.4 Compliance: Marketing and Labeling

The Regulatory Compliance Officer together with members of the product development and purchasing teams ensure that all information is collated, recorded and available within the defined period.

In 2019, no complaints or violations regarding product marketing and labelling were brought forward in the reporting period, with the exception of one isolated case of mislabelling a cardboard box. No legal actions were proceeded or pending, and no fines or non-financial penalties relating to non-compliance with product marketing and labelling regulations and standards were imposed in 2019.
"We want to be part of tomorrow’s sustainable and innovative transportation solutions such as high speed trains and planes. This is our passion: to develop advanced and safe materials with outstanding properties."

Reinhard Kreuder
Chief Scientist
3. Employees

Responsible Employment Practices are of the highest priority for Gurit. Attracting, training and retaining a highly skilled, motivated and performing workforce is key for the Group’s current and future success. In 2019, Gurit initiated an Employer Branding initiative that it will implement in 2020.

3.1 Employee Ratios

Gurit serves markets that have a certain cyclicality, such as the wind energy, tooling and marine segments. As part of its business model and in order to maintain and nurture a strong capability and competency level amongst its global staff, the Group focuses on multi-skilled core production teams. In line with demand, these core teams are supplemented by temporary workers and contractors to cope with peaks.

As of December 31, 2019, Gurit employed 3,027 staff members, as compared to 2,860 in 2018.

Workforce by Employment Contract

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Workforce*</td>
<td>3,027</td>
<td>2,860</td>
<td>2,198</td>
</tr>
<tr>
<td>Permanent*</td>
<td>2,878</td>
<td>2,382</td>
<td>2,075</td>
</tr>
<tr>
<td>Temporary*</td>
<td>149</td>
<td>478</td>
<td>123</td>
</tr>
<tr>
<td>Apprentices, Interns</td>
<td>38</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>Workers/Contractors</td>
<td>298</td>
<td>174</td>
<td>68</td>
</tr>
<tr>
<td>Full-time*</td>
<td>2,953</td>
<td>2,798</td>
<td>2,142</td>
</tr>
<tr>
<td>Part-time*</td>
<td>74</td>
<td>62</td>
<td>56</td>
</tr>
</tbody>
</table>

* excluding apprentices, trainees, interns and agency workers/contractors

Employees by Gender*

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>5</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>8</td>
<td>–</td>
<td>5</td>
</tr>
<tr>
<td>Senior Management</td>
<td>28</td>
<td>2</td>
<td>25</td>
</tr>
<tr>
<td>Further Staff</td>
<td>2,481</td>
<td>508</td>
<td>2,365</td>
</tr>
<tr>
<td>Total Staff</td>
<td>2,517</td>
<td>510</td>
<td>2,400</td>
</tr>
<tr>
<td>In percent</td>
<td>83%</td>
<td>17%</td>
<td>84%</td>
</tr>
</tbody>
</table>

* excluding apprentices, trainees, interns and agency workers/contractors

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20 GRI 102-8: Information on employees and other workers
### Employees by Age Structure*

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Age under 30 years</td>
<td>Age 30 to 50 years</td>
<td>Age above 50 years</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>-</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>-</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Further Staff</td>
<td>743</td>
<td>1,922</td>
<td>348</td>
</tr>
<tr>
<td>Total Staff</td>
<td>743</td>
<td>1,925</td>
<td>359</td>
</tr>
<tr>
<td>In percent</td>
<td>25%</td>
<td>64%</td>
<td>11%</td>
</tr>
</tbody>
</table>

* excluding apprentices, trainees, interns and agency workers/contractors

Gurit is committed to fair and equal employment. The Group employs a workforce that is composed of around 38 different nationalities.

### Proportion of senior management hired from the local community

It is a Gurit ambition to staff local sites with local leadership. With three exceptions, all operational sites globally are staffed with senior managers who are citizens of the country in which the production sites are located.

Gurit complies with all relevant local rules and legislations regarding employees’ freedom of association and the right to collective negotiation. No complaints, concerns or violations were reported at any of the Group’s global sites in 2019.

### Freedom of association

Gurit grants its employees with the freedom of association and recognizes this as an international human right. In 2019, subsidiaries of Gurit have maintained or entered into 10 different collective bargaining agreements.

### 3.2 Occupational Health & Safety

Maintaining a high standard of technical expertise, assuring high-quality production processes and ensuring safety in the workplace are major priorities for Gurit. The Group is aware of the fact that employees could be affected by certain aggressive chemicals the Company deals with, by processing dust, steel welding, as well as lifting and transporting heavy equipment. Gurit, therefore, constantly strives to reduce risk to its employees and operations through specific training sessions and procedural changes for high-risk areas and processes.

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*GRI Disclosure 403: Occupational Health and Safety 2016 (403-2: Rates of injury and rates of injury) 2018 (403-5: Worker training on occupational health and safety); GRI 403-8: Workers covered by an OH&S management system*
Our Climate Matters

"In 2020 Gurit will define its CO\textsubscript{2} neutrality timeframe and action targets."

Rudolf Hadorn, CEO
Workers covered by a health and safety management system

Incidents and accidents are part of the monthly Group reportings and management reviews. All workers are covered by a health and safety management system, including temporary workers and contract workers. However, until 2019 these management systems have been handled exclusively at site level or business unit level for Kitting. Starting 2020 the local health and safety management systems will be reviewed and where appropriate, adapted to new Group-wide standards and requirements, as well as binding targets. This will be complemented with proactive best-practice and experience sharing between sites.

Work-related hazard identification

As an example, the most material risks are dust explosions for production sites working with balsa wood and skin-irritation for workers being exposed to epoxy resins. Measures have been put in place to minimize these risks, e.g. by investing into ventilation, electrostatic discharge prevention, personal protective equipment and training.

All production sites have undertaken to identify and mitigate work-related hazards. Under the safety-first initiative launched in 2019, additional measures to identify work-related hazards will be undertaken, supported by an experienced external consultant and a dedicated project team.

Proven and tested methods by Dupont Sustainable Solutions (DSS) will be rolled-out Group-wide starting 2020. These measures include a train-the-trainer program, the STOP safety observation program and best-practice sharing such as the implementation of cross-functional safety walks and safety-committee meetings. Furthermore, Gurit plans to include the identification of work-related hazards and the reduction of accidents as part of Senior Management performance targets starting 2020. A standards working group will develop Group-wide common standards definitions and a Group-wide ISO certification of all production sites is also scheduled to be kicked-off during 2020. Incidents and accidents are being investigated at site-level and need to be reported to Senior Management as part of the monthly reporting, or within 48 hours for accidents.

Each production site has one or various dedicated EH&S Managers. An Emergency Communication Guideline and an Incident Reporting Form are available on the Intranet and communicated to all employees as part of the Code of Conduct roll-out.

As of January 2020, Gurit has rolled-out new core values, one of them being "safety-first". All staff members are informed that safety is a top priority of the company and that they should stop work if they encounter an unsafe situation.

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23 GRI Disclosure 403-2 (Hazard identification, risk assessment, and incident investigation); GRI 403: Occupational Health and Safety (GRI 403-7: Prevention and mitigation of occupational health and safety impacts); GRI 403-8: Workers covered by an OH&S management system
Consultation and communication

Worker participation, consultation and communication on occupational health and safety matters have been reported by 17 production sites and are managed at local site level. Typical measures include Management dialogues at regular plant tours, individual workspace reviews, weekly meetings and safety briefings, an annual safety day, quarterly roundtable meetings and exchanges with labor unions on health & safety matters. Guidelines and links regarding occupational health & safety are included in the Code of Conduct rolled-out to all staff members.

Compliance with OH&S regulations

In 2019, two concerns or incidents of non-compliance with health and safety regulations or standards were sanctioned with fines by local health & safety inspectors. Two fines received amounted to CHF 10,175 and were related to a safety inspection and a case of skin irritation of a worker exposed to epoxy resin.

Gurit tracks workplace safety at its global sites according to two categories. Accidents are defined as events that result in injury or ill health involving employee absence. In 2019 the defined scope has been widened to cover also accidents that occurred on the direct way to and from the place of work. Incidents are defined as events that involve injury but do not result in employee absence.

### Number of work-related accidents and incidents

<table>
<thead>
<tr>
<th></th>
<th>2019***</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Accidents</td>
<td>Incidents</td>
<td>Accidents</td>
</tr>
<tr>
<td>Kitting**</td>
<td>16</td>
<td>20</td>
<td>–</td>
</tr>
<tr>
<td>Composite Materials</td>
<td>23</td>
<td>173</td>
<td>18</td>
</tr>
<tr>
<td>Composite Components</td>
<td>2</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Tooling</td>
<td>5</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Aerospace*</td>
<td>9</td>
<td>30</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>55</td>
<td>232</td>
<td>33</td>
</tr>
</tbody>
</table>

* Aerospace Business Unit: since April 2018
** Kitting Business Unit: since Oktober 2018
*** Data “2019”: 1.11.2018 - 31.10.2019; widened scope now includes accidents/incidents on direct way to/from work.

Lost Time Incident Rate (LTIR) for 2019 has been 36.61 per million hours worked and the Lost Time Accident Rate (LTAR) was 8.68. Gurit recorded no fatalities among workers or contractors. An LTAR reduction target has been set to ~50% by the end of 2022. In terms of Contractors, the number of reported incidents is 25 and the number of accidents is 2. No fatalities were recorded.
Some of the accidents and incidents may be explained with the relocation and build-up of certain operations, where new processes had to be established, but also with a substantially increased workload due to high market demand for certain product ranges. However, the Executive Committee of Gurit has not been satisfied with the observed trends in OH&S performance and has therefore decided to launch a Corporate Program to improve health & safety at all of its sites. This program was launched in 2019 under the responsibility of the Head of Group Human Resources. An external consultant has been contracted, Dupont Sustainable Solutions (DSS), and a one-day kick-off workshop, in which the entire Executive Committee participated, has been held. The focus of the initiative is to build a strong safety culture as a permanent mindset throughout the organisation.

**Health & safety target**

Gurit is committed to providing healthy and safe working conditions for its entire global staff and in 2019, Gurit has defined "safety first" as one of its five core values. A target of reducing the number of accidents (LTAR) by 50% within three years or by -17% per year has been set and newly integrated as a formal assessment criteria for the annual performance review of Senior Managers.

### 3.3 Education & Training

Gurit has implemented a learning management software to support training and development of its personnel in a flexible and modern format. Courses offered in 2019 covered specific topics such as strategy, cybersecurity, data protection, leadership programs to develop people management, safety-first trainings, product information, as well as a sales academy training program. To date, Gurit does not collect data relating to the average hours of training per year per employee, with the exception of health and safety related training which amounted to an average of 6.15 hours per employee per year, including administrative staff and office workers.

Complementary to collective training and development programs, Gurit also fosters individual training and development opportunities. Individual development and training needs and targets are discussed as part of the Group’s annual performance reviews.

Gurit has an Entrepreneurial Trainee Program targeted at ensuring a continuous inflow of young entrepreneurial technology talents with the objective to fill 50 percent of all open positions internally as a long-term vision. In 2019 one Entrepreneurial Trainee was hired.

**Equality and transparency**

Benchmarking of salaries and grading, which was started in 2015 together with a renowned external service provider, further progressed over the course of the year with the overall target to create transparency, to benchmark Gurit’s compensation practice with industry standards and to further develop internal career development paths.

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25 GRI Disclosure 401: Training and Education 2016; disclosure 403-7 (Prevention and mitigation of occupational health and safety impacts); GRI 404-1: H&S Average hours of training
4. Suppliers and Responsible Procurement

Gurit offers a broad range of advanced composite materials to its strategic target markets. The majority of these products are manufactured from raw chemicals that the Group for the most part purchases directly from leading global suppliers and then further processes into structural foams, resin systems, laminating and infusion systems, gel coats, and adhesives. The Tooling business additionally consumes steel from local suppliers to produce mould frames as well as transportation, turning and lifting devices for wind-blade moulds. Gurit also sources glass, carbon, and aramid fibres from the respective manufacturers for the production of prepregs.

4.1 Sustainable or Recycled Input Materials

Some of these materials and their constituents are non-renewable materials and are composed of non-recycled input materials. For some production processes, however, Gurit also uses by-products, such as sawing dust, which are fed back into the production cycle. The amounts of these are not yet tracked in terms of weights or volumes.

During the reporting period, Gurit significantly increased the share of recycled input materials and invested in a substantial increase of production capacities. Gurit now produces structural PET foam from up to 100% recycled, post-consumer input material at production sites in Italy and China, and starting 2020 also in Mexico. In 2019 Gurit acquired a PET recycling business in Italy, further securing access to recycled PET post-consumer material, mainly PET drinking bottles. Gurit also purchases balsa wood (Ochroma pyramidale), a natural resource for producing blocks and sheets from virgin balsa wood.

4.2 Local Sourcing and Social Responsibility

Gurit encourages its sites to source materials and services locally and regionally to contribute to the economic development of the areas in which it operates and to avoid transportation-related emissions. Balsa wood is sourced from local farmers and smallholder cooperatives rather than from large monoculture plantations.

4.3 Dual-Sourcing for Business Continuity

Reliable, efficient and responsible procurement is important for Gurit to ensure high delivery capability as well as long-term business success. Raw material shortages could lead to increased materials costs, supply bottlenecks and poor product quality. The Group has therefore established a dual-sourcing approach for the majority of its key raw materials in order to be able to respond adequately to fluctuations in the demand and supply markets. Furthermore, Gurit maintains steady relationships with local suppliers rather than buying in irregular or cyclical patterns. This is particularly important for the relationship the Group maintains with small local farmers and balsa wood suppliers.

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26 GRI 102-29: Identifying and managing economic, environmental, and social impacts; GRI 308: Supplier Assessment; GRI 204: Procurement Practices; GRI 102-9: Supply chain; GRI 102-10: Significant changes to the organization and its supply chain; GRI 308: Supplier Assessment
4.4 Supplier Standards

Supplier standards are formalised in writing in Gurit’s general Terms and Conditions. Obligations explicitly referred to are the compliance with environment, health & safety laws as well as anticorruption laws and human rights. A modern slavery statement is available on the Gurit website www.gurit.com/About/Sites--Locations/Site-Certificates.

4.5 Supplier Audits

Gurit assesses and continually monitors suppliers to ensure they are compliant with the above mentioned regulations. This monitoring is done by the Global Procurement department in cooperation with the Regulatory Compliance Officer.

Supplier audits have been carried out on an ad-hoc basis during the reporting period. The Global Procurement department carries out an ethical audit as part of a supplier selection process. In January 2020 the Global Procurement department has put in place a formal supplier approval process and as part of that, a supplier categorisation tool which will be used to rate suppliers and categorise if they need a full audit, questionnaire or no action. The tool will then enable the management of suppliers, define how many audits are required, develop a priority list, schedule and allocate resource for audits. Furthermore, in 2019 the creation of a new position of a Supplier Quality Engineer has been approved to be filled in 2020. The Supplier Quality Engineer will also conduct sustainability audits.

4.6 Supplier Non-Compliance

Supplier non-compliance is controlled at site level and Non-Conformity-Requests (NCR) reports, scorecards and supplier evaluations are carried out as a result. The process differs by site but in 2019 a process was initiated to bring these into line in 2020.

4.7 Training

Training of the Procurement team on Sustainability-related aspects such as the Environment, Labor standards, and principles of the UN Global Compact will be formalised as part of a policy and roll-out training in a project called “purchasing academy training”.

As part of this year’s renewal of the modern slavery statement, Gurit has included a statement with respect to the UN Global Compact principles. The current modern slavery statement is available on the company website at www.gurit.com/About/Sites--Locations/Site-Certificates.
5. Environment

Gurit is committed to a production concept that combines economic manufacturing with minimal ecological impact. The Group strives to achieve this goal through a dedicated focus on customer needs; a superior level of technology and competence; operations excellence; and environmental, social, and ethical best practices and conduct. Gurit applies the precautionary principle for risk management, operational planning or when developing new products. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.

As announced in our last Sustainability Report, Gurit has widened the scope of its data collection and now covers all sites of the Gurit Group.

5.1 Environmental Indicators*

<table>
<thead>
<tr>
<th>In MWh</th>
<th>2019</th>
</tr>
</thead>
<tbody>
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<td>Electricity</td>
<td>64 303</td>
</tr>
<tr>
<td>Thereof renewable sources</td>
<td>21 855</td>
</tr>
<tr>
<td>Thereof other sources</td>
<td>42 448</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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<td>3 454</td>
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<tr>
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<td>2 291</td>
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* previously we reported this data only for the UK site. For the 2019 report we have collected data from all Gurit sites. Therefore no comparison with the previous year is available. The reporting period for this data is 1.11.2018 - 31.10.2019.

Energy consumption and energy intensity

For the 2019 report only electricity consumption data is available as electricity is considered the predominant form of energy used. Extending the data collection to other forms of energy will be reviewed under Gurit’s ambition to become a carbon-neutral company. The energy intensity of electricity consumption (kWh) versus sales has been calculated with 0.12.

27 GRI Disclosure 102-11: Precautionary Principle or approach; GRI 102-29: Identifying and managing economic, environmental, and social impacts
28 GRI Disclosure 302: Energy 2016 (302-1: Energy consumption within the organization; 302-2: Energy consumption outside of the organization); and GRI 306: Effluents and Waste 2016 (306-2: Waste by type and disposal method); 307-1: Non-compliance with environmental laws and regulations; GRI 302-3: Energy (KWh vs Turnover ratio)
**Water consumption**

Water consumption from November 2018 until October 2019 was 59,804,483 litres for all 26 sites worldwide. The water consumption vs. turnover ratio is 0.18 and has been calculated for the first time. This figure stems from measured consumption from municipal water supplies or other public or private water utilities. To this date Gurit is not aware of water sources significantly affected by the withdrawal of the water the company consumes. Gurit considers its impact on water resources not causing high levels of water stress.

**Significant spills**

Gurit sites have not registered any significant spills of chemicals during the reporting period.

### 5.2 Energy Consumption Outside the Organisation

As part of its environmental considerations, Gurit has also evaluated energy consumption outside of the organization, which mainly relates to the following upstream categories:

- Energy consumed for the production of raw materials (e.g. carbon fibre)
- Transportation of raw materials
- Business travel
- Employee commuting

It also relates to the following downstream categories:

- Transportation and distribution of products (e.g. sea freight container shipments)
- Freezer storage of prepregs by distributors and customers
- Energy used during the curing process of products by customers
- End-of-life treatment of sold products (e.g. disposal of wind turbine blades)

Gurit is not in a position to collect data and report on energy consumption outside of the organization at this point in time.

### 5.3 Carbon Emissions and Carbon Neutrality

Currently, Gurit does not have an inventory or track record of carbon emissions. However, Gurit’s Management has committed to evaluate during 2020 a time frame and targets on how to become a carbon-neutral business.
5.4 Recycling Material Used in Production Process

Gurit has an annual capacity to process 12 000 tonnes of recycled post-consumer PET and convert this into granules and flakes for further industrial use. The granules are used for Core materials production. As reported in its financial communication and Annual Report, Gurit is undergoing a significant CAPEX program to further increase the volume of recycled PET used for the production of structural foam core materials.

5.5 Life Cycle Assessment

The recycling of certain advanced composite materials is a challenge the advanced composites industry still needs to solve. While some composites can be recycled and broken down into the components of which they were made, this is not the case for a range of advanced composites which were designed to last without losing their properties over their lifetime. Apart from the limited volume of recycled composites, some end-of-life uses include the use as an alternative fuel for cement production where composites replace traditional fuels and components, or the use as road building material. The Sustainability Working Group of Gurit has put this topic on their agenda and during 2019 has initiated internal research activities and also started to engage in working and discussion groups of industry and academia. One example is the ReDisCoveR project that has been set up in April 2019 in the United Kingdom by the High Value Manufacturing Catapult (HVMC) to build a community to interrogate the major challenges faced by composite materials at end of life. Gurit’s internal Sustainability Working Group will further examine this topic during 2020 and communicate actions, commitments and engagements in the next Sustainability Report.

Environmental Product Declaration

In 2019, Gurit commissioned SGS Search to perform a life cycle assessment (LCA) of Gurit’s Kerdyn™ Green full PET structural foam panels. The objective of this study is to publish third party verified data about the environmental performance of Kerdyn™ Green products in an ECO-platform Environmental Product Declaration (EPD). It concerns a cradle-to-gate study with options, scenarios for waste treatment and disposal. Cradle-to-gate is an assessment of a partial product life cycle from resource extraction (cradle) to the factory gate. Not covered by this analysis is the product use and disposal phase. The following standards are applied: NEN EN 15804, ISO14040, ISO 14044 and ISO 14025. See also: www.eco-platform.org

5.6 Hazardous Chemicals Management Policy

As discussed in more detail in the "Formulated product range" focus section on pp. 72, Gurit has a hazardous chemicals management policy that aims to identify and eliminate substances that pose risk to human health and the environment, namely Carcinogens, Mutagens and Reprotoxicants. The formulation of lower toxicity products with equivalent or improved technical function means that customers are better protected from the most harmful chemicals and can rely on Gurit to further reduce hazard profiles where feasible. Additionally, the removal of Sub-
stances of Very High Concern (SVHC) means that any reporting duties required by manufacturers of articles under the regulation are not required by Gurit customers, reducing risks while saving cost and time.

Gurit also continued to assess composition of products in view of substances that were reclassified to a higher hazard level under the REACH framework in 2019 and identified those substances with existing high hazard profiles. Through implementation of Gurit’s hazardous chemicals management policy, the most harmful chemicals in use by Gurit were identified and where technically feasible, alternatives sought.

Following the development of the Ampreg™ 3X range which reduced the toxicity level of the laminating system offering in the previous year, 2019 saw implementation of further focus on reformulation of a multipurpose system, AMPRO, which also included a Bio-based alternative. Additionally, development work made good progress towards replacement of the most harmful chemicals in Gurit’s adhesive systems which we look forward to fully launching in 2020.

The process to identify and eliminate the most harmful chemicals used by Gurit has already seen a reduction from 18% to 9% of such raw materials in the Formulated range alone.

In addition, the new product generation features the Gurit Light Reflective Technology, an innovative addition to the resin matrix that serves as a risk monitoring feature for the user and allows easy inspection of workwear, equipment and workspace for potential resin contamination by means of an UV lamp. Gurit will continue its product assessment activities and initiate product reformulation where appropriate. Furthermore, the Group considers new legislation as an additional inducement for all new product developments to ensure balance of favourable product characteristics, and health and safety protection of its customers.

5.7 Regulatory Compliance35

Rigorous compliance with all applicable environmental laws and regulations is an absolute prerequisite for the Group. The main focus of the regulatory compliance activities in 2019 was related to continuing compliance within the EU regulation REACH (Registration, Evaluation and Authorisation of Chemicals) EC. No 1907/2006 and associated regulations; CLP (Classification, Labelling and Packaging) EC No. 1272/2008 and PIC (Prior Informed Consent) Reg No. 649/2012. Gurit assesses and continually monitors suppliers to ensure they are compliant with these regulations. As well as EU regulations, the global regulatory landscape is continually monitored and compliance ensured where relevant. Example legislation monitored during the reporting period is the TSCA (Toxic Substances Control Act) in the USA or the MEP Order No. 7 in China.

In 2019 two cases of non-compliance with environmental laws and regulations were reported but no sanctions or fines were pending or paid. Additionally, as stated in the Annual Report 2019 on p. 126, there is an environmental clean-up regarding a contamination nearby a property which had been sold by Gurit more than forty years ago.
6. Economic Performance\textsuperscript{36}

For the economic performance, value generated and distributed please refer to the Gurit Annual Report 2019 available online at www.gurit.com/investors/reports

6.1 Risks and Opportunities Posed by Climate Change\textsuperscript{37}

Climate change has had a significant impact on Gurit’s business performance. As various countries do not meet the agreed carbon emissions targets, governments invest into power generation from renewable energy sources, such as wind energy. Gurit has initiated a significant capital expenditure program to meet market demand for core materials and kitting services for wind turbine blade production. For further information refer to the Gurit Annual Report 2019.

Risks related to climate change are estimated as similar to other businesses, e.g. increasing cost of transportation as a consequence of regulatory interventions or market mechanisms increasing the price of transportation, some sites may be affected by the rise of sea-levels and related flooding or interruption of transportation and commuting routes.

6.2 Approach to Tax\textsuperscript{38}

Gurit has documented internal procedures and handbooks on how to handle tax matters correctly and in line with the relevant legislations as well as the applicable OECD standards. This documentation is used for local tax audits. This also applies to transfer pricing of cross-border, intra-firm transactions. Gurit is listed on the Swiss stock exchange and reports its financial figures according to Swiss GAAP FER accounting standards. These standards provide a true and fair view of the results of operations, cash flows and the financial situation. Gurit does not maintain legal entities in offshore low-tax jurisdictions.

The key principles and regulations regarding Corporate Governance at Gurit are defined in the Statutes of the Company as well as in the organizational regulations. The Board of Directors checks these documents on a regular basis. The key principles regarding Corporate Governance are based on the recommendations set out in the "Swiss Code of Best Practice for Corporate Governance" published by economiesuisse, the national federation of the Swiss business community. Gurit’s Audit and Corporate Governance Committee consists of non-executive members of the Board of Directors. It assists the Board in its supervisory financial duties and checks the effectiveness and performance of the external auditors. It also oversees the financial reporting processes within the Group. As part of its new Vision, Mission and Values, Gurit has integrated “Sustainability” as a core value and part of the company’s long-term vision. The new vision, mission and values were adopted in December 2019 and the roll-out process to all employees started in January 2020, giving all staff members direction for decision-making in daily operations as well as strategic and financial matters.

\textsuperscript{36} GRI Disclosure 201-1: Direct economic value generated and distributed; GRI 102-31: Review of economic, environmental, and social topics  
\textsuperscript{37} GRI Disclosure 201-2: Financial implications and other risks and opportunities due to climate change  
\textsuperscript{38} GRI Disclosure 207-1: Approach to tax
6.3 Tax Governance\(^{39}\)

A tax governance and control framework exists in the form of internal guidelines and accounting manuals that are also used for tax audits with authorities.

Gurit’s Audit and Corporate Governance Committee consists of non-executive members of the Board of Directors. It assists the Board in its supervisory financial duties and checks the effectiveness and performance of the external auditors. It also oversees the financial reporting processes within the Group, including taxes.

The Chairman of the Audit and Corporate Governance Committee acts as an independent contact for any concerns and advice on the Gurit Code of Conduct; this includes unlawful behaviour and threats to the company’s integrity in relation to tax.

7. Society\(^{40}\)

Gurit strives to add value to the advanced composites industry, its strategic target markets, customers and business partners, employees, investors as well as the regions and local communities in which it operates. A few local community involvement activities are highlighted in this report. In terms of corporate social responsibility and community involvement Gurit follows a policy of local empowerment where local operations should decide on which activities can support and engage in. As general principles these activities should have a relation to either local operations and staff or a wider business context, and be compatible with Gurit’s vision, mission and values.

7.1 Compliance with Laws

During the reporting period Gurit has not identified any non-compliance with laws or regulations in the social and economic area.

7.2 Political Donations\(^{41}\)

The Group makes no political donations and does not support any political party, either directly or indirectly.

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\(^{39}\) GRI Disclosure 207-2: Tax governance, control and risk management
\(^{40}\) GRI Disclosure 419: Socioeconomic Compliance 2016
\(^{41}\) GRI Disclosure 415-1: Political contributions
7.3 Associations

Gurit and part of its subsidiaries participate in local and national organizations and industry associations. The individual involvements, however, do not constitute strategic memberships or imply substantial funding beyond routine membership fees. Gurit sites reported a total of 32 memberships of associations. The main categories were composites industry associations, national employer associations and memberships in chambers of commerce or similar associations.

7.4 Lobbying

Gurit has not engaged in lobbying activities and has not paid third-party intermediaries to engage in lobbying activities on behalf of Gurit beyond regular membership fees in industry associations.

7.5 Financial Assistance Received from Government

During the reporting period the financial assistance received from governments of Canada, China and the United Kingdom amounted to a total of CHF 382,000 for innovation-related projects.

7.6 Sponsorships

The focus of Gurit’s sponsorship commitments is the support of research and development activities in the advanced composites industry, sustainable ventures, academic institutions and composites-related student projects, as well as industry events, within the Group’s target markets. When deciding which projects and activities to support, emphasis is placed on sustainability as well as high ethical and moral standards. The amount of sponsorship provided in cash or in-kind in the form of composite materials amounted to CHF 57,000 during the reporting period 1.11.2018 - 31.10.2019.

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42 GRI Disclosure 102-13: Membership of associations
43 GRI Disclosure 201-4: Financial assistance received from government
44 GRI 102-12: External initiatives
Corporate Social Responsibility and Employer Branding

Gurit engages selectively in local community involvement and charity projects, doing good, supporting those in need and building a local brand for our employees.

**Auckland Walking Challenge:** Staff at our Gurit New Zealand office entered in the ‘The Auckland Walking Challenge’ for the month of November 2019, competing against other local organisations. This team competition is aimed at motivating each other to hit a daily step target, is fun and supports health and well-being.

**Te Kau Moana – Unofficial Dinghy Challenge:** A team of Gurit amateur sailors participated in an ‘unofficial Dinghy Challenge’. To enter the challenge Gurit had been tasked to construct a 4.5m catamaran to compete against our friendly rivals. ‘Te Kau Moana’ (the cow of the sea) was under-construction for less than 3 weeks at the Gurit Auckland site by the enthusiastic Gurit Asia Pacific Team! The project was worked on after hours and also used as a product training activity for those staff wanting to learn more about Gurit products, composites manufacturing and processing techniques. Te Kau Mona had a successful launch but due to mast and sail issues did not complete the course.
Each year, Gurit’s office in the United Kingdom holds a charity raffle, which raised GBP 2,183.00 this year. Nathan Wood, winner of the raffle, has chosen the Isle of Wight Special Olympics and Earl Mountbatten Hospice who will both receive GBP 1,091.50 each. Nathan’s brother Kevin, pictured at left, holds a special place in his heart for the Special Olympics, and it is in his honor that this gift was made.

Taking care of the environment:
Some of our sites foster environmental conversation programs, like this picture taken in the park of our Newport office.

Gurit UK sponsored Walk the Wight in aid of the charity Mountbatten Hospice.
Sponsorship

The largest sponsorship in 2019 went to the **EPFLoop team of the Technical University in Lausanne, Switzerland**. The team designed and built a subscale prototype Hyperloop vacuum tunnel transport vehicle in order to demonstrate technical feasibility of the Hyperloop concept. The competition took place in July 2019 in Los Angeles.

Lorenzo Benedetti, team Leader of EPFLoop states: “Since the first contact back in October 2018, Gurit has been a strategic partner of the EPFLoop team. In a constant research of performance, our engineering students strived to create a structure for the prototype which is capable of resisting extreme accelerations and intense vibrations and, still, being the lightest possible. We had a very fruitful discussion with Gurit’s engineers, in particular Luke McEwen. Together, we analyzed step by step our structure and optimized the use of the pre-preg carbon fiber material. The products identified as suitable for our case were the biaxial prepregs XC411 and RC200, whereas for the sandwich construction the M80 and M200 foams. The final prototype structure reduced substantially its weight, down to one third from the prototype of 2018, while maintaining the safety level required.”
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SD = Gurit Sustainability Report 2019

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SD = Gurit Sustainability Report 2019

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**About GRI**

The Global Reporting Initiative (GRI) is an international independent standards organization that helps businesses understand and communicate their impacts on sustainability-related topics.

[www.globalreporting.org](http://www.globalreporting.org)
Abbreviations used
AR: Annual Report
BU: Business Unit
CEO: Chief Executive Officer
CHF: Swiss francs
CO2: Carbon Dioxide
CoE: Center of Excellence
CTO: Chief Technology Officer
GRI: Global Reporting Initiative
IRENA: International Renewable Energy Agency
LTIR: Lost Time Incident Rate
LTAR: Lost Time Accident Rate
MWh: Mega Watt hour
NCR: Non-Conformity Request
OTIF: On-Time-In-Full
p.: page
pp.: multiple consecutive pages
PET: PolyEthylene Terephthalate
PTC: Production Tax Credit
REACH (Registration, Evaluation and Authorisation of Chemicals)
SD: Sustainable Development (report)
SVHC: substances of very high concern
UNGC: United Nations Global Compact
USP: Unique Selling Proposition
UV: Ultra Violett
8. Contact

For Sustainability Reporting questions, please contact:

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